RAJYA SABHA

Tuesday, the 22nd March, 1988/2 Chaitra, 1910 (Saka)

The House met at eleven of the clock, **The Deputy Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Export of castor oil medicinal BP Grade

*381. SHRI SHANKER SINH VAGHELA: Will the Minister of COMMERCE be pleased to state:

(a) whether Government's attention has been drawn to a news-item which appeared in the 'Jansatta' of 23rd December, 1987 about swindling the Exchequer to the tune of crores of rupees in foreign exchange on the export of castor oil medicinal BP Grade; if so, how much of it was exported from 1st July, 1986 till date and the extent of cash assistance given on it so far;

(b) whether in view of cash assistance at the rate of five per cent on castor oil medicinal BP, it is being passed on as such fraudulently; if so, what action Government have taken to stop such practice and to recover the amount of cash assistance already paid; and

(c) whether castor oil BP Grade is being exported at much less than the current price and thus cheating the Exchequer of huge foreign exchange; if so, what action Government have taken against the exporters?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. R. DAS MUNSHI): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) Yes, Sir. As per data collected by Basic Chemicals Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXCIL), Bombay, the estimated value of castor oil medicinal BP exported since 1st July 1986 is Rs. 61.53 crores. Cash Compensatory Support @ 5 per cent is being paid on export of medicinal caster oil with effect from 1.7.1986.

(b) Payment of CCS is made by port licensing office after verification of export documents, including shipping bills endorsed by the Customs department and Agmark certificate issued by the Directorate of Marketing and Inspection, Department of Rural Development.

(c) No, Sir.

श्री शंकर सिंह वाघला : आयात निर्यात का जो मामला है आज उस के कमीशन के बारे मे बहुत चर्चा चल रही है और ऐसे ही एक तेल के निर्यात के बारे में देश को 60 करोड़ का चूना लग गया है। इस के बारे में मैं माननीय मंत्री जी से पूछना चाहता हुं कि बी पी तेल की जो क्वालिटी होती है उस का प्रमाण पत्र लेने के लिये 16 कायदे कानूनों से किसी को निकलना पड़ता है औरउस में सब से ज्यादा इस तेल की प्रोसेसिंग जो ठंडी प्र सेसिंग द्वारा रिफाइन किया जाता है ताकि यह रंग हीन गंध हीन हो सके उस को लेकर है। तो क्या मंत्री जी को पता है कि क्या किसी भी निर्यातक के पास इस किस्म से अरंडी के तेल को रिफाइन करने की सुविधा है या नही ? और दूसरे अगर है तो क्या किसी प्रयोगशाला में बंबई में दिल्ली में या कहीं और इस तेल की जांच कराने की हमारे पास कोई सुविधा है या नही ?

SHRI P. R. DAS MUNSHI: Madam Deputy Chairman, so far as examination of the actual chemical properties of BP grade medicinal oil is concerned, there are 40 firms certified by the Directorate of Marketing Inspection governed by the Rural

Development department of the Agriculture Ministry who provide the Agmark certificate. Out of these certified 40 firms, 22 are active in the field of direct export of this medicinal grade oil and one of them as a merchant exporter. All these 22 firms have their own installations to do and to extract castor oil and finally each it to the medicinal grade. Now in so far as importers are concerned, they have not made any complaint in regard to the chemical properties of the medicinal grade oil and if specific complaints are received by name, by units, which hon. Member is apprehending, we always refer it to the appropriate agency called the Directorate of Marketing and Inspection to finally investigate into the matter, whether it is in Delhi or in Bombay.

श्री शंकर सिंह बाघेला : इस समय हमारे पास कोई सुविधा नहीं है । सिर्फ व्यापारियों के सर्टिफिकेट हिसाब से हम चलते हैं और इसमें एस०टी०सी० की बहुत बडी भागीदारी है । हमारे राज्य व्यापार निगम ने विदेशों से समझ,ता कर रखा हैं और बी० पी० ग्रेड का जो तेल है उस से सरकार को 5 प्रतिशत की नकद छूट भी मिलती है और इस समझ,ते के कारण बहुत से झूठे प्रमाण पत्र भी मिल जाते हैं और निर्यातक 18 हजार रुपए प्रति टन के भाव से बी पी मैडिकल ग्रेड का तेल का निर्यात दिखाते है जब कि इस का भाव 28 हजार रुपए प्रति टन है । आप 5 प्रतिशत की छूट बेमतलब की देते हैं । दूसरी ओर निर्यात के भाव में दस हजार रुपए प्रति टन का डिफरेंस है । रूस को 14 हजार टन तेल निर्यात होता है जब कि पूरे देश में 30 हजार टन का उपयोग नहीं होता है । तो विदेशी मुद्रा में 60 करोड रुपयों का घपला इस में है । इस में एस टी सी भी शामिल है । तो क्या सरकार इसे पूरे प्रोसेस की, सर्टिफिकेट लेने के मामले की ओर प्रोसेसिंग की जॉच सरकार कराएगी ?

SHRI P. R. DAS MUNSHI: Madam, first of all, I would like to make it absolutely clear that the STC do not have any link with any individual importer in any clandestine manner so far as this castor oil export, as the hon. Member is referring to, is concerned. The bulk of castor oil of medicinal grade traditionally is being exported largely to the Soviet Union, in average 30 to 35,000 tonnes and not 14,000 tonnes. Throughout the world, the castor oil trade scenario is quite depressing in the sense that after Brazil came in the market in the general currency area, we are not finding ourselves very competitive.

Therefore, largely it depends on our bulk export to the Soviet Union. We are also getting the most reasonable price from the Soviet Union and in so far as deciding the CCS is concerned, no exporter can get a false certificate on his own declaration. There are three distinctive agencies. One is the Rural Development Department under the Ministry of Agriculture through the Director of Market Inspection. It applies the procedures for giving certificates of Agmark. Not only that. After obtaining the certificate, it will come to the Customs Department. The Customs Department will finally endorse the shipping bill. Thereafter, it will go to the CCS Payments Department which we call the Licensing Department of our Ministry. There is yet another check. The surveyors of the importers directly come and inspect the consignments. These are the various procedures. In spite of all these checks, if the hon. Member can refer any particular unit or any particular exporter's name, certainly, we will be very glad to look into the matter and find solutions.

श्री जगदम्बी प्रसाद यादव : मैं मंत्री महोदय से जानना चाहता हूं कि अरंड तेल कास्टर आयल जब क्रूड रहता है तो उस समय दवा के काम आता है। उसके बाद उसका जितना प्रोसेसिंग होता है वह विभिन्न तरह की दवाओं मे प्रयोग होता है। तो मैं मंत्री जी से जानना

चाहता हूं कि देश में इसका क्या उपयोग हो रहा है दवा के रूप में विविध कामों में और देश से जो बाहर जा रहा है, वह सिर्फ रूस को ही जा रहा है या दूसरी जगह भी जाता है ?

दूसरे, मैं यह जानना चाहता हूं कि आपने धोखाधड़ी या गड़बड़ी होने का खंडन किया है और आपने इसके लिए रूरल डेवलपमेंट, कस्टम और सी० सी० डिपार्टमेंट का नाम लिया, तो मैं यह जानना चाहता हूं कि कभी भी सरकार ने सचमुच में गड़बड़ी हो रही है या टैक्स इवेजन हो रहा है या नही इसकी जाच करने की कोशिश की है या नही ?

SHRI P. R. DAS MUNSHI: Madam, first of all, the country's castor oil requirement figures are with me. The average varies from year to year. The requirement was 75,000 metric tons in 1985-86; 90,000 metric tons in 1986-87; and, 90,000 metric tons again in 1987-88 is estimated. But the factual position is that there are many substitutions of castor oil in our country itself for certain use for toileting and other purposes. Of course, there are medicinal uses. We treat the items that we export to the Soviet Union and other countries as medicinal because their grade is medicinal . But it is our information that they are used by those countries not exactly for medicinal purpose, but largely for industrial purposes. Now, the production has gone down. In only one year in 1984-85 India did very well because there was a great failure in Brazilian crop and we received Rs. 88 crores worth of turn-over. Thereafter, Brazilians have come in the market heavily and they are dominating the general currency area. Therefore, we confine our channel to the rupee-currency area. Now, in so far as the country's requirements are concerned, I have already stated the figures. But the position is that the country can get a much cheaper variety and if we send the bulk production of our own castor oil to foreign countries, we get a higher value realisation in terms of foreign exchange. In so far as complaints given are concerned, whenever complaints are given by hon. Members of Parliament or by business groups or by inddividuals... *(Interruption)*

श्री जगदम्बी प्रसाद यादव : कांप्लेंट आना एक बात है और सरकार को स्वयं अपनी ओर से जांच करना दूसरी बात है।

श्री प्रिय रंजन दास मुंशी : वही कह रहा हूं। कभी कोई शिकायत हमारे पास आती है तो उसके ऊपर जांच करने के पहले हम देखते हैं कि शिकायत क्वालिटी के बारे में है या सी० सी० एस० पेमेंट के बारे में है। अगर क्वालिटी के बारे में है तो जिस एजेंसी के द्वारा जांच होती है, उसकी नजर में लाते हैं। अगर हम खुद सैटिसफाई नहीं होते हैं तो उसके लिए खुद कदम उठाते है। लेकिन हमारे पास कोई शिकायत नहीं पहुंची जिसके ऊपर मैं कार्रवाई कर सकूं। आदरणीय सदस्य कृपा करके कुछ भेज सकें तो मैं उनको आश्वासन देता हूं तो उचित कार्रवाई करूंगा।

THE DEPUTY CHAIRMAN: Now, Mr. Bir Bhadra Pratap Singh.

SHRI BIR BHADRA PRATAP SINGH: Madam, the very purpose of the cash assistance system is to provide benefit to the genuine exporters. Now he has mentioned three agencies in his reply to part (a) of the question. The question now is whether these agencies are meant to check under-invoicing which is the main problem. Unless and until this fraud is checked, how much is paid is immaterial. This is point number one. The other part is that industrial grade is created which is canalised through the STC. May I know whether this British Pharmacopoeia created it only to beat down the canalisation process so that the undue profit may go to the person exporting it?

SHRI P. R. DAS MUNSHI: First of all, with regard to the under-invoicing part, I want to make it absolutely clear that in such matters

neither the importers want that they should get less quantity nor the country as a whole will desire that our things should be sold at a lower price than the existing price prevalent in the national market. I have replied to this in the beginning. The best available price—I do not like to quote it—certainly under the commercial system of our country we get and we are getting bulk orders from the Soviet Union and since in some of the parts of the world we do not get a good price we do not send it So, there is no question of under-invoicing insofar as the value part of it is concerned. So far as the second part is concerned, the suffix 'BP' means British Pharmacopoeia. Since long there was a tradition and we exported to Rotterdam and United Kingdom and, therefore, they had certain prescriptions and specifications for determining the chemical properties which they used to call 'BP'. The United States also is having its own pharmacopoeia and India also is having it own pharmacopoeia. So far as the importers are concerned, they are not very much concerned as to whether it is BP or not. They are concerned only with the question as to whether it is medicinal or not. Medicinal property is of the utmost importance and these are very much taken care of by the DMI who examine them since they have a number of chemists and who put them to test. Apart from the units manufacturing it, their installations and other things are also looked into by these people.

श्री चतुरानन मिश्र : उपसभापति महोदया, मैं सरकार से जानना चाहता हूं कि सोवियत संघ मे व्यापार दोनों सरकारों के बीच में तय हो जाता है तो फिर यह एक्सपोर्ट के लिए कैश असिस्टेंस की पद्धति वहां क्यों लागू होती है ? दूसरा प्रश्न यह है कि कैश असिस्टेंस की बहुत सी बंगलिंग की रिपोर्ट अखबारों में आती रहती है और आडिट ने भी इस को जांच के लिए कई बार कहा है । इस लिए क्या गवर्नमेंट कोई ऐसा सिस्टम बनाएगी जो कैश असिस्टेंस मिसयूज होता है उस को हम रोक सकें, इन दो बिंदुओं पर मैं जानना चाहता हूं ।

SHRI P. R. DAS MUNSHI: Madam, I am replying to the second part of his question. It is not a fact that cash assistance complaints are not being examined. Every complaint received by us by any group or by any individual is examined.

SHRI CHATURANAN MISHRA: It is not my question.

SHRI P. R. DAS MUNSHI: I am coming to that; I am replying to your question.

SHRI CHATURANAN MISHRA: You have taken up the second part wrongly. It have said that complaints are there from the audit also.

SHRI P. R. DAS MUNSHI: Let me complete and then if you find anything wrong, you can repeat your question. The first part of his question, Madam, is why, since the Soviet Union is buying in bulk, you are giving cash assistance.

SHRI CHATURANAN MISHRA: I have not said that.

SHRI P. R. DAS MUNSHI: Just wait. I am coming to that. Cash assistance is not given on the basis of the country-to-country relationship. Cash assistance is a general thing and there is a criterion for that. If any manufacturing unit of any product considers that there are certain items in the domestic tariff area where additional taxes and duties and burdens cannot be recovered, those cases are referred to the Cash Assistance Review Committee. Based on that we decide the CCS. If I export a material to the Soviet Union or if I export a material to the United Kingdom, the procedure is the same. The law of the land and the tax burdens are the same.

SHRI CHATURANAN MISHRA: This is precisely what I have questioned. You are having Government to Government dealing. This is the difference here where no incentive for export promotion like cash assistance is needed.

SHRI P. R. DAS MUNSHI: The Government to Government relations are for protocol.

SHRI CHATURANAN MISHRA: Trade decisions are also being taken on Government to Government basis.

SHRI P. R. DAS MUNSHI: Government to Government understanding is about the protocol, how much we will sell and how much they will sell. My product should be sold in the best interest of my country and my traders. It is a private party, but we have the canalising agency. The canalising agency is not the manufacturere. An exporter has a genuine right to know what are the added value and taxes which they would like to be compensated. It is not against the law of the land.

In regard to cash assistance complaints, if somebody has received the cash assistance wrongly or fraudulently, then we determine the nature of fraud whenever such complaints come. If the shipping bills are endorsed wrongly or there is some such irregularity, we do it ourselves. If the complaints are much more serious and beyond our jurisdiction, we refer it to the appropriate authority for investigation and appropriate action.

SHRI CHATURANAN MISHRA: I was asking about the inbuilt system to check it.

वित्त मंत्री तथा वाणिज्य मंत्री (श्री नारायण दत्त तिवारी) : महामहिमा, सम्मानित सदस्य ने जो प्रश्न पूछा है उसके संबंध में मैं यह कहना चाहूंगा कि हम जब सोवियत संघ जैसे अपने मित्र देश से व्यापार की संधि करते हैं तो उसमें चाहे यह अरन्डी का तेल हो या इस प्रकार के अन्य विषय हों, उनमें हम कोई निर्णय करते है तो वह हम अंतर्राष्ट्रीय मूल्यों को ध्यान में रखते हुए जो भी अन्तर्राष्ट्रीय व्यापार निगम हैं उनके अन्तर्गत हमारी उनसे आपस में संधि होती है । यह जो नकद भुगतान, हमारा आन्तरिक मामला है । इसका विदेश व्यापार से या सोवियत यूनियन से कोई संबंध नहीं है । यह हमारा आन्तरिक मामला है । जैसा हमारे सहयोगी महोदय ने कहा, कितना तेल उत्पादन हुआ, उसमें कितना टैक्स लगा या शेल्स टैक्स लगा और अन्य खर्चे कितने लगे, उन के बारे में हमारा एक आन्तरिक ढंग है, उसका क्लेम करते हैं और उसका भुगतान होता है ... (व्यवधान)

उपसभापति : आप पहले पूरा उत्तर सुन तो लीजिए ।

श्री नारायण दत्त तिवारी : इसलिए इसमें सोवियत यूनियन को नुकसान का कोई प्रश्न नहीं है । यह तो हमारा आन्तरिक मामला है । एक तरफ तो हम सही कीमत देना चाहते हैं और अपने मित्र पर बोझ भी नहीं डालना चाहते हैं और वह इसको स्वीकार भी नही करेंगे क्योंकि सारे मुनाफे और खर्चे जोड़ देना उचित नहीं है । यह हमारा उनके प्रति व्यवहार भी उचित नही होगा । जैसा मैंने कहा, यह हमारा आन्तरिक मामला है । जिन सिद्धांतों का उल्लेख हमारे सहयोगी ने किया उन्हीं के अन्तर्गत यह होता है ।

श्री चतुरानन मिश्र : मैं आपकी बात से पूर्णतः सहमत हूं कि यह हमारा आन्तरिक मामला है । लेकिन मैं जिस बिन्दु को उठा रहा हूं वह यह है कि जब सरकार एक्सपोर्ट इंसेंटिव के लिए केश एसिस्टेंस देती है, सोवियत संघ से गवर्नमेंट टू गवर्नमेंट बल्क रूप में ट्रेड करती है तो यह इंसेंटिव सरकारी खजाने से उनको क्यों दिया जाए ?

SHRI P. R. DAS MUNSHI: I will reply to this question very simply. We want to neutralise the cost in order to make the prices competitive. The Soviet Union quotes straightway prices. It is the price determined by the international level. We ourselves will have to look into it. We have to see that our products have matching competitiveness. Therefore, we have to neutralise certain elements by providing C C.S.

World Bank's suggestion for partial privatisation of steel units

*382. SHRIMATI SUDHA VIJAY JOSHI: †

SHRI KALPNATH RAI:

Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank has, in its latest report on Indian economy, suggested partial privatisation of the steel units in the country;

(b) if so, what are the reasons adduced by the Bank for such a suggestion; and

(c) whether the suggestion has been considered by Government and any decision taken in the matter?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) No, Sir.

(b) and (c) Do not arise.

SHRIMATI SUDHA VIJAY JOSHI: Madam, the public sector has been assigned a vital role in the core sector of the economy. In this regard, the importance of public sector has been the corner-stone of our policy. I would like to know from the hon. Minister whether the World Bank has advanced loans in the public sector areas on steel plants and if so, what are the terms and conditions.

SHRI EDUARDO FALEIRO: Presently, the loan has been negotiated with the World Bank to the extent of 50 million U.S. dollars. As the House and the hon. Members are aware, the Steel Authority of India has undertaken a comprehensive restructuring and modernisation programme with an investment of Rs. 1000 crores over the next five years. Out of this amount, a very limited amount of 50 million US dollars has been negotiated with the World Bank. There is no conditionality attached to this loan.

SHRIMATI SUDHA VIJAY JOSHI: I would like to know what steps the Government is going to take for the rejuvenation of the loss-making units. I would also like to know whether the Government is thinking of partial privatisation of the steel units in the country.

SHRI EDUARDO FALEIRO: It has been stated in this House and outside by the concerned Ministers that there is no question of privatisation. This is our position at the moment. I would submit that I cannot go into further details. It does not concern my Ministry.

SHRI GURUDAS DAS GUPTA: Madam, the Government has been declaring that there is no policy on their part to privatise the public sector. That is quite true that proclamations are being made off and on either inside or outside the House. But there is an ominous development and in view of the ominous development, certain factors or certain appointments on the floor of the public sector units become very interesting. I want to know whether the Minister is aware that leading members of the private steel industries are being brought to the public sector either in the capacity of mem-

†The question was actually asked on the floor of the House by Shrimati Sudha Vijay Joshi.